GRUMMAN DAILY EDITION
plane news
October 13, 1981

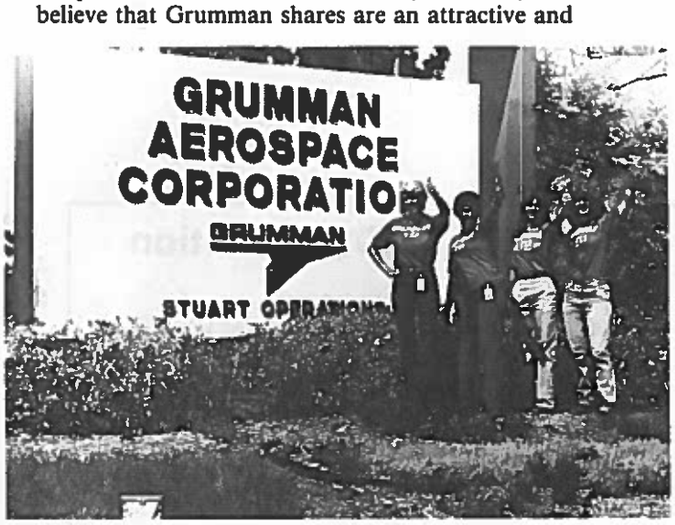
Pension plan may increase Grumman shares

The trustees of the Grumman Corporation Pension Plan announced yesterday that they may from time to time cause the Pension Plan to increase the plan's investment in Grumman by purchasing additional Grumman shares and common share equivalents in the market. Jack Bierwirth, one of the trustees, said the purchase would be subject to market conditions and other factors, including compliance with all applicable rules and guidelines of the Securities and Exchange Commission.

The Pension Plan currently owns approximately 525,000 Grumman shares, or about 5.2 percent of the outstanding (3.8 percent of the fully diluted outstanding). Under federal guidelines governing the plan, currently the plan would be permitted to purchase up to approximately 1,275,000 shares and share equivalents. If all such shares and share equivalents were purchased, the Pension Plan could hold up to approximately 17% of the outstanding (or approximately 12% of the fully diluted outstanding). However, the trustees also said that there can be no assurance that any purchases will in fact be made, or, if any purchases are made, that all such purchases will be made.

Bierwirth said that the trustees had reviewed and considered a number of factors in reaching their decision to increase the plan's investment in Grumman. He stated that the trustees had considered Grumman's long-term business prospects, the future prospects of the aerospace industry in general and the strength of Grumman's financial condition, all in light of the best interests of Pension Plan participants and beneficiaries. He said the trustees had also carefully considered the Grumman board's reasons for opposing the LTV tender offer for Grumman shares currently in progress. In particular, Bierwirth noted that, "We have had widespread inquiries from Grumman employees and retirees about the possibility of an increased investment in Grumman by the plan. Based on all these factors," he said, "we believe that Grumman shares are an attractive and beneficial investment for the plan at this time."

Bierwirth said purchases by the plan may include common share equivalents represented by the company's outstanding convertible debentures. Bierwirth also reaffirmed the trustees' decision, previously announced, that none of the Grumman shares or common share equivalents held by the Pension Plan will be tendered pursuant to LTV's tender offer. LTV's offer of $45 per share and common share equivalent is conditioned on tenders of a minimum of 50.01% of Grumman shares and common share equivalents. Information concerning possible plan purchasing is being mailed to Grumman shareholders.



Making a point. *Grummanites (L to R) Bunny Davis, Barbara Seay, Terry Kennedy and Kim Edlebeck, model the T-shirt that's become quite the fashion to wear at Stuart Operations. The front of the shirt has 'Grumman Yes' printed on it, while the back has 'LTV Hell No.'*

What's your number?

The corporation is presently refining its list of all individual stockholders. If you hold shares of Grumman stock in the name of a broker you could help by calling Ext. 3446 or Ext. 1985 and letting us know how many shares and if you intend to tender.

Thumbs up for Grumman

Lehman Brothers, dealer-manager for LTV's offer, published its own favorable report on Grumman, an "Investment Recommendation," in July 1981 -- only three months ago.

This report's "Summary and Investment Opinion" states: "We recommend purchase of Grumman common. The company is the leading supplier of aircraft to the U.S. Navy and therefore is excellently positioned to participate in the substantial buildup being planned by the Reagan administration for that service.

"Moreover, the company has important business with the U.S. Air Force, and is also a major subcontractor on a variety of military and commercial aircraft programs, most of which are only in the early stages of full-scale production.

"Finally, the company is 'over the hump' insofar as recent years' losses from diversification efforts are concerned. We believe that all such losses will be completely eliminated during 1982. Thus, we project a 1981-4 per share earnings progression of $2.75, $5, $6.50, and $7.50. This is the basis for our buy recommendation."

Circle your calendar

Grummanites marching in the Long Island Association's Pride Parade at Heckscher State Park in East Islip this Sunday, will be in good company.

The Grumman band will lead the Grumman contingent. There will be firetrucks, and a float carrying Grumman boats and models of the F-14, the E-2C and the LM.

Bring your spouse, your kids, your friends, your department. The more people who march with the

October 12, 1981 — Grumman shares closed at 35 1/2 today; approximately 1,447,600 Grumman shares were traded.

Grumman family, the louder our message of solidarity will be to the Long Island community.

The parade starts at 1 p.m., but you'll want to get there earlier to avoid the traffic—more than 50,000 people are expected.

A special parking area will be set aside for Grumman marchers; a map and directions will appear in *Plane News* later this week.

For more information, contact Charlie Fuschillo of Employee Services (Ext. 6232) or Dick Stinson of Public Affairs (Ext. 3308).

Cablevision show airs tonight on Channel 12

Sandy Jones, vice president-Public Affairs, is the guest on tonight's Cablevision show, "What's happening on Long Island-Oyster Bay."

Jones will explore the various aspects and possible ramifications of the LTV proposal and why Grumman is actively fighting a merger with the Dallas-based company.

The show airs on Cablevision Channel 12 tonight at 9 p.m. and will be repeated Friday, October 16, at 7 p.m. Those who subscribe to Cablevision in Babylon, Glen Cove, Hempstead, Huntington, Long Beach, North Hempstead and Oyster Bay will be able to view this program.

Grumman story makes good copy

Long Island newspapers are giving heavy coverage to the LTV takeover bid, on news and editorial pages.

Long Island Business Review, a weekly covering the Island's economic community, printed on October 7 an interview with James Crumlish, the managing partner of the accounting firm Touche, Ross.

"LTV's aggregate indebtedness is so high," he told the *Review,* "that carrying that debt has become a cost strangulation. Cash flow from Grumman would almost surely be absorbed to pay for past LTV expenditures rather than for Grumman's own R&D activities.

"Grumman provides 20,000 direct jobs on Long Island and hundreds of thousands indirectly through small technology companies vital to the regional economy. They wouldn't be here without Grumman's expertise to tap into. A $45 per share tender offer in no way matches what Grumman is worth. Evaluating Grumman involves adding its 'hard' assets to its 'soft' assets—personnel, company expertise, management—to get the company's real worth."

The *Review* quoted Crumlish describing a takeover as a "shotgun marriage" which, the paper said, "would ultimately prove to be a mistake."

The *Graphic,* a weekly serving some 25 communities on Long Island's south shore, published an editorial titled, "Grumman defends Long Island economy and interests."

After describing the activities of the "backbone of the company", the people who work at Grumman, the editorial went on to state its position.

"What does this all mean? It means that the people who would be most affected by a takeover are stating their views, and are not afraid to stand behind them. It also means that, as a whole, we owe it to our fellow Long Islanders to back them up and save Grumman from outside interests."

"The *Graphic* supports the recent Grumman decision not to accept LTV's offer, in the hopes that as Grumman remains committed to Long Island, as it has for over fifty years, we remember our commitment to Grumman and its employees, by giving them our support."

You be the judge

In yesterday's *New York Times,* Grumman placed the following advertisement:

"Someone has objected to Grumman's reference to LTV's debt burden. We ask you to judge for yourself."

The copy reads: "A combination of LTV and Grumman Corporation as of June 30, 1981, assuming the acquisition of 100% of Grumman, at the tender price of $45 per share, would result in a company with a debt of *$2.2 billion.*

"That's twice as much as the entire net worth of the two companies.

"The annual interest cost of that debt is conservatively estimated at $300 million. That's more than Grumman's total debt.

"Grumman's principal business is building sophisticated aircraft. That requires continuous investment in developing new technology. LTV's principal business is steel. They acknowledge that their stell business will require additional large investments.

"We're concerned that Grumman's earnings would be used to pay LTV's creditors and to invest in the steel business, rather than in the aerospace technologies on which Grumman's future depends.

"Wouldn't you be concerned, as well?"

Update. *At a local brokerage firm, employees check out the latest sale of Grumman shares. Yesterday, Grumman was one of the most actively traded stocks on the big board. Grumman is listed as 'GQ' on the ticker tape board.*

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Published to keep you informed about the unsolicited takeover attempt.

Questions or comments? Contact us.

TELEPHONE: Exts. 3293, 5118, 5119 & 8999

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